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Johnston, Wayne A.

The Illinois Central
Heritage, 1851-1951,
A Centenary Address.



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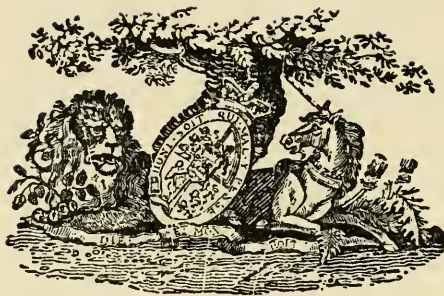
The Illinois Central Heritage

1851-1951

A Centenary Address

WAYNE A. JOHNSTON





"Were American Newcomen to do naught else, our work is well done if we succeed in sharing with America a strengthened inspiration to continue the struggle towards a nobler Civilization—through wider knowledge and understanding of the hopes, ambitions, and deeds of leaders in the past who have upheld Civilization's material progress. As we look backward, let us look forward."

—CHARLES PENROSE

*Senior Vice-President for North America
The Newcomen Society of England*



This statement, crystallizing a broad purpose of the Society, was first read at the Newcomen Meeting at New York World's Fair on August 5, 1939, when American Newcomen were guests of The British Government

"Actorum Memores simul affectamus Agenda"

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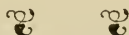
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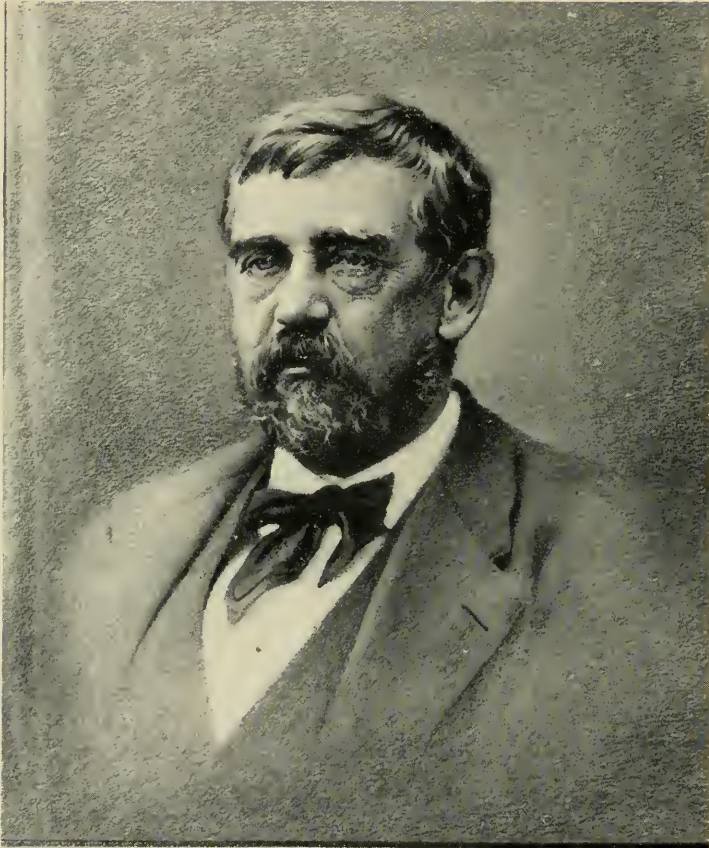
THE ILLINOIS CENTRAL HERITAGE
1851-1951

A Centenary Address



AMERICAN NEWCOMEN, *through the years, has honored numerous rail transportation systems both in the United States of America and in Canada, and has honored important milestones in the history of these. It has been a further privilege to pay tribute to the vision, initiative, resourcefulness, courage, determination, hard work, and abiding Faith of those pioneer-founders and their successors who laid the foundations and continued the operations of what came to be great common carriers, contributing mightily to economic and material progress. Such a Newcomen manuscript is this, dealing with the history of a great railroad in America, upon occasion of its 100th Anniversary, and reciting the fascinating story of its beginnings, its growth, and its contributions to Mid-America!*





Wm Henry Osborn.
Dec. 1, 1855—July 11, 1895.

WILLIAM HENRY OSBORN

(1820-1894)

"He extended operations to New Orleans"

The Illinois Central Heritage

1851-1951

A Centenary Address

WAYNE A. JOHNSTON

MEMBER OF THE NEWCOMEN SOCIETY

PRESIDENT

ILLINOIS CENTRAL RAILROAD

CHICAGO



THE NEWCOMEN SOCIETY IN NORTH AMERICA
NEW YORK SAN FRANCISCO MONTREAL

1951

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WAYNE A. JOHNSTON



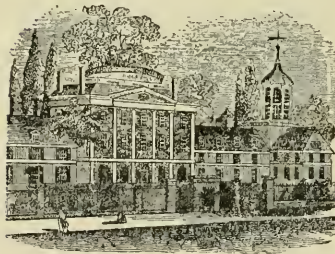
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*The Newcomen Society, as a body,
is not responsible for opinions
expressed in the following pages*



*First Printing: March 1951
Second Printing: March 1951*



*This Newcomen Address, dealing with the
history of the Illinois Central Railroad and
memorializing its 100th Anniversary (1851-
1951), was delivered at a National Newcomen
Dinner of The Newcomen Society of England,
held in Ballroom of The Pierre, at New
York, N.Y., U.S.A., when Mr. Johnston
was the guest of honor, on
February 8, 1951*



SET UP, PRINTED AND BOUND IN THE UNITED STATES
OF AMERICA FOR THE NEWCOMEN PUBLICATIONS IN
NORTH AMERICA BY PRINCETON UNIVERSITY PRESS





E. H. HARRIMAN
(1848-1909)

*"He occupied a position of undisputed leadership
in the field of railroad management in America"*

❧



INTRODUCTION OF MR. JOHNSTON, AT NEW YORK ON FEBRUARY 8, 1951, BY EUGENE W. STETSON, CHAIRMAN OF THE EXECUTIVE COMMITTEE, ILLINOIS CENTRAL RAILROAD; MEMBER OF THE NEW YORK COMMITTEE, IN THE NEWCOMEN SOCIETY OF ENGLAND:

My fellow members of Newcomen:

I BELIEVE in brief introductions and if a story is told it should be a true story, so here goes:

On the evening of January 3rd 1945—a little over 6 years and 1 month ago—the late lamented and highly esteemed president of the Illinois Central Railroad—John L. Beven—suddenly passed away. This was in wartime. Two days later, The Board of Directors delegated to me the responsibility of finding and suggesting Jack Beven's successor.



Promptly I met with the six top men in the organiza-

tion—4 Vice-Presidents, the Chief engineer, and the General Counsel. At this meeting we all agreed that: *1st*—we would not go outside to seek a successor until we had exhausted all possibilities in the organization; *2nd*—we would play no favorites; *3rd*—we would play no politics; *4th*—we would take sufficient time to make our choice. I then saw each of these key men privately and said: “I know you would like to be president of this railroad, but if you are not chosen, whom would you recommend?” Each one, not knowing that the others had been approached, answered: “Wayne Johnston.” Personally I hardly knew Wayne, having only seen him once. He was then 47 years of age and only one of the key men was under 60. I studied his record: He had served in the accounting, transportation, operating, and traffic departments. He had only recently been promoted to the position of General Manager, in September 1949, at a salary of around \$15,000.



His record was excellent. I had several talks with him. I quietly suggested to several of the Directors that they meet Wayne Johnston; and, in the meantime after about 5 weeks, I invited the 6 key men to lunch with me; I then told them that I wanted them to recommend a president, and that whomsoever they recommended I would submit the name to the board. They then unanimously recommended Wayne Johnston. I reminded them that they were about 15 years older than Wayne,

and that they could make his regime a success or failure according to their loyal support of a man much younger than they—all pledged their loyal support.

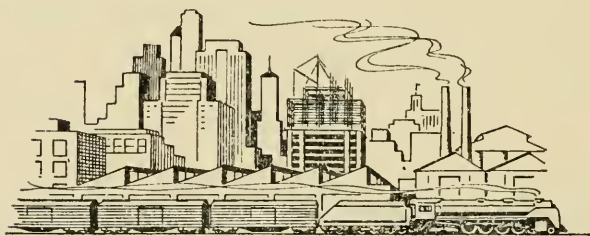
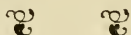


They recommended, I nominated, and The Board elected Wayne Johnston President of the Illinois Central Railroad, on February 23rd 1945.

We are proud of our choice—results speak for themselves.



I am delighted to present to you: WAYNE JOHNSTON.



Biographical Sketch of The Author



MID-AMERICA: veritable "North-and-South backbone" of the Nation: that fertile land richly blessed by fruits of the soil and treasures of the earth, where great waters flow, where industry thrives, and where men can strive towards constructive progress in a free economy—MID-AMERICA: indeed a prized storehouse of American grit, of American resourcefulness, and of American ambition! To Mid-America, during now a century, has the Illinois Central Railroad contributed, to its amazing development and service: to Industry, to Agriculture, to Mining, and to Transportation. Upon all of these does General Business depend. None better could tell the dramatic story of the "Illinois Central" than does WAYNE ANDREW JOHNSTON of Chicago, its distinguished President. Native of Illinois and graduate of the University of Illinois in the Class of 1919, Mr. Johnston entered the service of his railroad that same year. During now over 30 years, his has been opportunity for intimate experience in nearly every phase of railroad operation, management, and finance. He knows railroading! In addition, he has taken active part in the affairs of his industry and in public-spirited causes of enlightened citizenship. Serves on numerous boards of direction, including: Madison Coal Corporation; Terminal Association of St. Louis; Railway Express Agency, Inc.; Association of American Railroads; Harris Trust & Savings Bank of Chicago; Chicago Association of Commerce & Industry; and others. Is a Trustee of the University of Illinois and of De Pauw University, in Indiana. Railroad official, business executive, student of transportation history, good citizen, Mr. Johnston is a member of the Chicago Committee, in The Newcomen Society of England.



HIS MARK



My fellow members of Newcomen:

UPON entering the National Archives Building in Washington, where the priceless records of the American Commonwealth are stored, one encounters this arresting inscription:

THE HERITAGE OF THE PAST IS THE SEED THAT
BRINGS FORTH THE HARVEST OF THE FUTURE.

Tonight, as we meet in the City of New York to celebrate the centennial of the Illinois Central Railroad Company, we are keenly aware of our great heritage and of the responsibility which rests upon us as the custodians of that heritage to preserve it for those who will follow us. Recalling the problems and achievements of those who have gone before us and reviewing the progress of the great public service institution which they delivered into our hands, we are fired with determination to preserve our system of free enterprise and the American Way of Life. If these inspiring influences were not present, then, as I see it, an observance such as this would be meaningless.



The Illinois Central Railroad, with its network of steel in fourteen States of Mid-America, is an integral and important part of the Nation itself. Therefore, to understand the full meaning of

the observance for which we are here assembled, we must encompass the entire view of American growth and development, agriculturally, industrially, and commercially, during the last hundred years. We must review in that perspective the extraordinary changes which have occurred in this Country since 1850, when four-fifths of its area was in its primitive state, and when there were fewer people in the United States of America than there are today in its four leading metropolitan centers.

What has occurred in this Country during these ten eventful decades is without precedent or parallel in the history of Mankind. In every material way, our progress as a nation has been extraordinary and dramatic.



In 1850, there were nine thousand miles of railroad in this Country. These railroads were located for the most part in the Atlantic Seaboard States. Many of them were built of wooden rails capped with strips of iron. The wood-burning locomotives of that period and the wooden cars were small and light. From those crude beginnings the railroads multiplied and expanded until the rail network reached into every State and nearly every city and town and farming community across the Country. Every one of these railroads has contributed its part to the making of our Nation.

It has been said that the history of the Illinois Central Railroad is the history of Mid-America. The truth of this statement is evident in the striking fact that of all the thriving cities and towns which now line the 921-mile line of the Illinois Central between the Great Lakes and the Gulf of Mexico, only *seven* were on the map when the Illinois Central was organized one hundred years ago. At the southern extremity of the route was New Orleans, metropolis and chief seaport of the South, with a population of 116,000. At the northern extremity, on Lake Michigan, was Chicago, but little more than a frontier trading post, with a population of less than 30,000. Between Chicago and New Orleans, the only communities of any importance were: Cairo, Illinois, with 242 inhabitants; Memphis, Tennessee, with less than 9,000; Hernando, Mississippi, with less than 1,000; Canton, Mississippi, with two or three hundred; and Jackson, Mississippi, with about

2,400. The combined population of these seven cities and towns (Chicago, Cairo, Memphis, Hernando, Canton, Jackson, and New Orleans) was then only about equal to the present population of Jackson, Mississippi. Between these seven cities and towns today are numerous thriving industrial and commercial centers which sprang up as a result of the coming of the railroad.

Elsewhere the transformation was equally striking. In Iowa, for example, the lines of the Illinois Central were pushed through virgin territory. Over the entire route from Dubuque to Sioux City not one of the many thriving cities and towns which now line the railroad was on the map in 1850.



The Illinois Central and its acquired lines were the pioneers, the trail-blazers; they paved the way for the settler, the farmer, the industrialist, and the merchant. They created markets and other conditions which were favorable to agricultural and industrial growth and prosperity. The Illinois Central, with its network of lines extending East and West, North and South, became *the Main Line of Mid-America*, bringing to the people of its territory regular year-round transportation. Through local employment, purchases, and taxes, the railroad has also contributed to the up-building of the region which has become the economic heart of the Nation.

The Illinois Central was the first railroad in the United States to be authorized, located, and promoted by the Federal Government. It was projected by the Congress of the United States, not as a system of transportation local to Illinois but as the central trunk or grand stem of a system of railroads which ultimately would connect the rail thoroughfares of the entire Country. Today, the Illinois Central, with its 6,500-mile network, has physical connections with nearly every railroad that reaches into Mid-America. Its relationship to the great continental network of railroads is such that nearly every ton of freight that moves across the Country either passes over or crosses its lines at one or more points.

Proposals for the central Illinois railroad project were before Congress for many years. The project received the support of such

outstanding statesmen as Henry Clay, John C. Calhoun, Daniel Webster, Abraham Lincoln, Thomas H. Benton, Stephen A. Douglas, Jefferson Davis, and Samuel Houston. Finally, in the closing days of the Thirty-first Congress, in September 1850, largely through the efforts of Senator Stephen A. Douglas of Illinois, Congress passed a measure granting to the State of Illinois some two and a half million acres of the eleven million acres of public lands in the State. These lands had been on the market for years without purchasers at \$1.25 an acre. Fertile as the lands were, they were virtually worthless without railroads to make them accessible. By this grant to the Illinois Central, remaining public lands not only soon had eager buyers and a doubling in price but, what was more important at that time, a real start was made in the development of the State to what it is today.

The Land Grant Act of 1850 was one of the milestones in American history. It established a new national policy with reference to the development of the public domain and the encouragement of railway building in the unpeopled regions of the West. Its effect was far-reaching. During the next two decades, the United States Government made similar grants to aid in development of railroad lines which became parts of such great present-day systems as the Southern Pacific, the Union Pacific, the Northern Pacific, the Burlington, the Chicago & North Western, the Rock Island, and the Santa Fe. Thus the Government created a ready market at advanced prices for millions of acres of unoccupied lands, and the Great West was opened for colonization and industrial development. What has occurred since then in the region beyond the Mississippi forms an amazing chapter in our history.



The original Illinois Central Railroad was 705 miles in length, extending from Cairo, the southernmost point in Illinois, through the heart of the State to the lead mines of Galena and on to Dunleith on the Mississippi River, in the extreme northwestern corner of the State, with a branch to Chicago on Lake Michigan.

When Congress passed the Land Grant Act, no railroad of such magnitude as the proposed Illinois Central then existed in Amer-

ica. It would cost millions to build. The State of Illinois was heavily in debt and on the verge of bankruptcy. The doors of every bank in the State were closed. Neither the State nor any of its citizens was in position to finance the undertaking. Therefore, Illinois was compelled to look elsewhere for the needed capital. As early as January 1850, more than a year before the Illinois Central was incorporated, Senator Douglas had been in contact with a group of Eastern business men, of whom Robert Rantoul, Jr., a distinguished lawyer and statesman of Massachusetts, became the spokesman. The Rantoul group, as it was called, worked in close cooperation with the Governor of Illinois and other state officers in formulating the charter which, after months of discussion, debate, and maneuvering, was granted by the State of Illinois on *February 10, 1851*.

The charter contained certain unique provisions. One was that, in lieu of other taxes, the railroad should pay into the state treasury 5 percent of its gross revenues plus a state tax which has had the effect of making the total 7 percent of gross earnings on the charter lines.

Another provision was that the Governor of Illinois should serve ex-officio as a member of the Board of Directors.

Under the Federal Land Grant Act, as later interpreted by the courts, the railroad was required to transport government troops and property at 50 percent of standard rates.



The Illinois Central Railroad Company might be said to have more than one birthplace. Some would contend that the railroad was born in Washington, D.C., where the Land Grant Act was passed and signed. Others would maintain that the true birthplace of the road was in the old state capitol in Springfield, Illinois, where the road was chartered. Still others would be of the opinion that the real birthplace of the company was in "a small and dimly lighted room" at the corner of Hanover and Wall Streets in the City of New York, a site now occupied by Brown Brothers Harri-man & Company. Here, on March 19, 1851, about five weeks

after the railroad received its charter, met the incorporators of the Illinois Central Railroad Company. The company was organized at this meeting, its first board of directors and its first officers were elected, and the body corporate formally accepted the terms of the Illinois charter. Thus the Illinois Central was launched upon its career under the leadership of a coterie of business leaders of outstanding accomplishments.

In addition to Robert Rantoul, Jr., of Massachusetts, who was associated in law practice with Daniel Webster and succeeded him in the United States Senate, the group included such men as: David A. Neal, president of the Eastern Railroad of Massachusetts; Gouverneur Morris, railway promoter and son of Gouverneur Morris of Revolutionary War fame; William H. Aspinwall, New York merchant, builder and first president of the Panama Railroad; Franklin Haven, Boston financier; and Henry Grinnell, New York merchant and chief backer of Arctic expeditions.

Referring to the founding fathers of the Illinois Central, William K. Ackerman, an early president who was identified with the company from its earliest years, once wrote:

Probably no body of incorporators, or directors as they afterward became, was ever filled with more earnest determination, confident reliance, pride of undertaking, and honesty of purpose.



Although most of the incorporators were men of large means, as wealth was measured in their day, even their pooled resources were by no means sufficient to carry the great Illinois Central project forward to completion. When it was found to be out of the question to raise the necessary millions to finance the construction of the railroad in the United States, they sought to market their securities in London and in other financial centers of Europe.

Commencing with a five million dollar bond issue floated in London in 1852, the holdings of European investors in Illinois Central stocks and bonds increased rapidly. Within a few years a majority of the company's stocks and bonds was held in Great Britain and elsewhere in Europe, and for nearly half a century,

until around the turn of the century, European investors held a controlling interest in the company.

On the lines of the railroad in Illinois are at least three cities and towns which were named for Englishmen who were closely associated with the company in its early years. Cobden was named for Richard Cobden, the distinguished British statesman and economist, who invested most of his personal fortune in the Illinois Central and visited Illinois repeatedly to examine the property. In the darkest hours of the 1857 Panic, Cobden did much to restore and bolster confidence in the Illinois Central among the British investors. Heyworth was named for Lawrence Heyworth, who invested approximately a million dollars in the company; and Paxton was named for Sir Joseph Paxton, the distinguished English horticulturist and architect, who was a prominent stockholder and also active in the colonization of Illinois Central territory. Many other noted Englishmen were holders of Illinois Central securities in the early years of the company, among them William Gladstone, the great Premier of England.

Numerous Englishmen visited Illinois in that period and toured the railroad. In 1856, a correspondent in the Illinois Central office at Chicago wrote:

Honorable Lords and Members of Parliament are so plentiful here these days that I keep a copy of Burke's Peerage and the Blue Book on the same shelf as the English dictionary and other books of ready reference.



When its original lines were completed in 1856, the Illinois Central was the longest railroad in the United States under one management. Because of the prominent place which it occupied in the transportation world, the Illinois Central attracted many distinguished men to its service.

Abraham Lincoln was an Illinois Central man. As a member of the Illinois General Assembly, he had exerted his influence in behalf of a central Illinois railroad as early as 1836. While the railroad was under construction he became an attorney for the company in 1853, and he continued in that post until his nomina-

tion for the presidency in 1860. Lincoln represented the Illinois Central in numerous cases before the circuit courts and several cases before the Supreme Court of Illinois. Two of the Supreme Court cases were among the most important cases in the history of the railroad, both involving basic questions of taxation. The largest fee Lincoln ever received during his professional career was five thousand dollars, paid him by the Illinois Central in an important tax case which was carried to and argued twice before the State Supreme Court.

Several distinguished military men of the Civil War era were associated with the early railroad. General George B. McClellan was chief engineer and later vice-president of the Illinois Central. General Ambrose E. Burnside was successively cashier and treasurer of the Illinois Central prior to the war and a director of the railroad after it. General Grenville M. Dodge, chief engineer in charge of the construction of the original line of the Union Pacific Railroad, began his brilliant railroad career with the Illinois Central. General Nathaniel P. Banks, a Governor of Massachusetts and Speaker of the House of Representatives, was resident director, an office comparable with that of vice-president. Colonel Roswell B. Mason, who had helped build the Erie Canal, was the chief engineer in charge of the construction of the original lines of the Illinois Central. Sir William C. Van Horne, builder and later president of the Canadian Pacific Railway, was another who began his career on the Illinois Central.

Prominently identified with the early history of lines which the Illinois Central acquired south of the Ohio River were such men as General P. G. T. Beauregard, the famous Confederate military leader; Collis P. Huntington, one of the organizers of the Central Pacific and Southern Pacific systems, and L. Q. C. Lamar, United States Senator and Secretary of the Interior in the cabinet of Grover Cleveland.



Among the outstanding men who directed the affairs of the Illinois Central in its formative years, none deserves a higher place than William Henry Osborn. Mr. Osborn was a commanding figure in the affairs of the company from 1854 to 1883, a

period of thirty years. He was president of the company from 1855 to 1865, years which included the Panic of 1857 and the Civil War, a most critical period in the railroad's history. Upon the shoulders of William H. Osborn more than upon those of any other man of that period, fell the responsibility of steering the railroad through some of its most difficult times and of setting its course for the future.

The growth of Illinois as a result of railroad development was truly astounding. In a period of ten years, from 1850 to 1860, the population of the State more than doubled, and that of Chicago more than trebled. During this period, thousands of new farms were established in Illinois as the wild prairie land was put under cultivation. Coal mining became one of the State's important industries. Quarries were opened. Land values increased astonishingly. Numerous mills and small factories—forerunners of the great industrial plants of today—came into being.



Although for the first sixteen years of its corporate life the Illinois Central was strictly an Illinois railroad, it had been keenly active in developing trade through its connections at Chicago, Dunleith, Cairo, and elsewhere, with emphasis upon the port of New Orleans. Almost from the beginning of its existence, the railroad maintained traffic offices in New Orleans. By 1858, it had contracted with a line of steamboats to provide regular service with through rates and fares between Cairo and New Orleans. When railway service was established between Columbus, Kentucky, and New Orleans, early in 1860, the Illinois Central entered into close traffic alliances with the rail lines also. But no sooner had the railroad made a good start toward building its trade with New Orleans through its rail and steamboat connections than the Nation was plunged into a devastating war. All rail communications with the South were severed overnight, and the currents of traffic over the Illinois Central were drastically altered.

During the Civil War, the Illinois Central was of vital importance to the Government from a military standpoint. The lines between Chicago and Cairo and between Dubuque and Centralia were taken over largely by the military establishment and became

the routes of the armies, soldiers, foodstuffs, and military supplies going South, and returning soldiers and hospital trains going North.

After the war, rail and steamboat connections with New Orleans and other points in the South were re-established, and the Illinois Central entered upon a program of expansion beyond the borders of the State. In 1867, it crossed the Mississippi River and extended its operations into the newly opened Iowa country. By 1870, its lines had been extended to the Missouri River at Sioux City.



Then, in 1872, through the initiative of William H. Osborn, the company took a momentous step. It entered into an agreement with connecting lines in the South which ultimately extended its operations to New Orleans. By 1877, the Illinois Central was in control of the New Orleans line, as well as branch lines in Mississippi. In the next five years these Southern lines and their equipment, which had suffered the ravages of war, were completely rebuilt by the Illinois Central.



Until 1881, the interchange of passenger and freight cars between these Northern and Southern lines was impeded by the fact that the gauge of the lines north of the Ohio River was 4 feet 8½ inches (now the standard gauge) while that of the lines south of the river was 5 feet. In that year, in a matter of hours *one day*, the gauge of the entire line from East Cairo to New Orleans, a distance of 547 miles, was converted to standard gauge. This enabled both locomotives and cars to be interchanged freely. Two years later, the company began operating the Southern lines as a part of the Illinois Central system.

The opening of the great bridge across the Ohio River at Cairo, Illinois, in 1889, completed the last link in this Lakes-to-Gulf rail route. The Cairo Bridge symbolized as perhaps nothing else did then or has since the reunion of the North and South.

Meanwhile, in 1888, the railroad had further expanded its operations by extending its lines as far West as Sioux Falls, South

Dakota. Then, in 1892, the Illinois Central came into control of a second line between Memphis and New Orleans through the heart of the fertile alluvial delta country of Mississippi, a line widely known for many years as the Yazoo & Mississippi Valley Railroad. In the middle 'nineties the company extended its operations in Kentucky and southern Illinois. Thus, step by step, the Illinois Central was being forged into a great railway system. By the end of the century it had a direct route between St. Louis and Chicago and had built or acquired lines into Peoria, Evansville, and Omaha.

The acquisition of the lines in western Kentucky and southern Illinois during the 'nineties was of far more significance than might appear to the casual observer. Large areas served by these lines were underlaid with rich deposits of bituminous coal of good quality. The Illinois Central took steps to promote the development of these hidden resources; and, by 1900, the company had taken its place as one of the foremost coal carriers of the Nation.



Meanwhile, important changes had taken place in the management of the railroad. Upon the retirement of William H. Osborn at the close of 1882, two young men, Stuyvesant Fish and Edward H. Harriman, were moving into key positions, each to play a major role in the affairs of the company. In 1877, Stuyvesant Fish became a director and, in 1887, president of the company, a position which he held for nineteen years, the longest tenure of any president in the railroad's history. Edward H. Harriman became a director in 1883, and vice-president in 1887. He resigned from the latter position in 1890, but continued as a director until his death in 1909.

During this middle period, from the early 'eighties to the early years of the present century, the policies of the company were largely shaped by these two men. Both masters of finance, Fish and Harriman worked as a team. In a period of twenty years, from 1880 to 1900, the mileage of the Illinois Central more than trebled, the number of units of equipment owned increased sixfold, the capitalization of the company increased fourfold, and traffic

and earnings increased nearly fivefold. By 1900, the Illinois Central was a five-thousand-mile system reaching into fourteen States of the Middle West and South.

The long association of Stuyvesant Fish and Edward H. Harriman in the management of the Illinois Central came to a decisive and dramatic climax in their contest for control of the company, in the early years of the present century. This contest extended over a period of many months and culminated in the ouster of Mr. Fish from the presidency, in 1906. Because of his other widespread interests, Mr. Harriman's victory not only made him the dominant figure in the affairs of the company; it also gave him a position of undisputed leadership in the field of railroad management.



Mr. Harriman continued in control of the Illinois Central until his death in 1909. Four years later, his elder son, William Averell Harriman, then twenty-two years of age, became a director of the company. The youngest director in the history of the Illinois Central, William Averell Harriman soon demonstrated that he had inherited his father's analytical mind and penetrating grasp of business problems. Later he became Chairman of the Executive Committee, and for many years, until his withdrawal from business to devote his time and attention wholly to government affairs in 1942, William Averell Harriman was the key figure in the Illinois Central directorate. Although he has devoted his energies entirely to the affairs of government since then, he and his brother Roland Harriman still maintain a lively interest in the railroad which played such a prominent part in their father's railroad career.

From 1883 until 1909, a period of twenty-six years, Edward H. Harriman was an important figure in the affairs of the company. From 1913 until 1942, a period of thirty years, his son William Averell Harriman was an equally important figure in the company's affairs. Thus the influence of the Harriman Family has extended over a period of considerably more than half the life of the company.

Charles H. Markham, one of the dynamic personalities in Illinois Central history, came to the presidency in 1911 and con-

tinued as the administrative head of the company until 1926, when he was succeeded by Lawrence A. Downs, son of a railroad section foreman. Mr. Downs remained at the head of the company until 1938, when he was succeeded by John Lansing Beven, son of an Illinois Central locomotive engineer. Following Mr. Beven's death, in 1945, I was elected as his successor. It is interesting and I believe significant that the last four presidents of the Illinois Central have been natives of States in which the Illinois Central operates.

Even more significant was the transfer in 1938 of the meeting place of the Board of Directors from New York to Chicago and the replacement of six Eastern directors by eight new members of the board, all residents of cities and towns on the Illinois Central. Thus for the first time the railroad had a board composed mainly of residents of Mid-America. Designed to bring policy-making management into the most intimate relationship with administrative management, these changes were proposed by William Averell Harriman, who was firmly convinced that such a move was in the best interests of the railroad and its territory.



Throughout its history the Illinois Central has been aggressive in promoting the development of its territory agriculturally, industrially, and commercially. It was the first railroad in the United States to carry on a widespread publicity campaign for attracting settlers, tradesmen, and industrialists to its territory. The first large-scale geological survey ever made in Illinois and the first soil analysis program ever undertaken in the State were under Illinois Central auspices. The company had much to do with the development of coal mining in its territory. It pioneered in the shipment of fruit under refrigeration. From its earliest years it has directed its attention unceasingly to industrial and agricultural development all along its lines and to the promotion of foreign trade through its Southern ports, particularly with Latin America.



Following the First World War, the Illinois Central entered upon one of the greatest improvement programs ever undertaken,

involving expenditures exceeding three hundred million dollars. Included were the reconstruction of terminal facilities, the electrification of suburban service, the reduction of grades, the construction of secondary mains and new lines, the reconstruction of repair shops and freight yards, and the expansion and modernization of motive power and rolling stock. When completed, the program had expanded the capacity and efficiency of the transportation plant, effected economies, and provided improved service to the public.

During the 'twenties traffic was heavy and the railroad prospered. Then, commencing in 1929, came the great Depression. In a period of four years, 1929 to 1933, more than half of the business and revenues of the Illinois Central disappeared. The situation was aggravated by the inroads of competition on highways and waterways. Never was the Illinois Central closer to the bankruptcy courts. So grave was the situation that papers were prepared for filing in a court of bankruptcy at a moment's notice, if and when such a desperate step seemed imperative. Through the most drastic economies ever undertaken, the company managed to survive the economic storm.

In retrospect the picture changes. Looking back we wonder if this period of adversity was not a blessing in disguise. The hard times resulted in the most thorough housecleaning in the history of the company. This searching examination and overhauling of all its methods made it possible for the Illinois Central to handle the unprecedented traffic of the Second World War. Indeed, had it not been for the beneficial lessons learned from the drastic economies which were necessary and for the great improvements which were made in plant and equipment during the 1920's and 1930's, the company would never have been able to perform the prodigious tasks of the war years 1942-1946.



Throughout its history, the Illinois Central has been a user of publicity and advertising in developing its territory and attracting traffic to its lines. Following the return of the railroads from Federal control, in 1920, the Illinois Central entered upon a public relations program designed to create a better public under-

standing of its achievements. The response to its monthly messages in newspapers throughout its territory was so favorable that the program is now in its thirty-first year—a record unique among railroads for continuous institutional publicity and advertising.



A few moments ago, I referred to the huge expenditures which were made for improvements in the 'twenties. This improvement program had the effect of increasing debt and interest to the highest points in the history of the company. During the Depression of the 'thirties, interest on funded debt was the only item of expense, except taxes, which could not be reduced. Interest charges which took slightly over nine cents of the revenue dollar in 1927 increased to more than eighteen and one-half cents in 1933, due to the heavy reductions in traffic and revenues.

With improved earnings in the early 'forties, the Illinois Central undertook a long-range program for reduction of its funded debt and for general overhauling and simplification of its corporate and debt structure. This program of debt reduction, consolidation, and refinancing, now well on its way but still in progress, is generally regarded as the most significant development in the affairs of the Illinois Central in the last quarter-century. It has endowed the railroad with new strength. It has placed the company in a stronger position than ever before to meet and overcome any economic storm. Time does not permit a detailed discussion of these accomplishments, but I can sum up the results in a few words:

Since 1941, the Illinois Central has reduced its funded debt from 368 million to 216 million dollars, or 41 percent, and it has lowered its annual interest charges from 15 million to 9 million dollars, a reduction of 40 percent. As a result, interest on the funded debt of the Illinois Central, which in 1927 took about 9 cents and in 1933 about 18½ cents, today takes only about three and one-third cents out of each revenue dollar, which is the lowest in the railroad's history.

This noteworthy achievement has been the result of years of concentrated effort on the part of the Illinois Central officers and employes and magnificent teamwork on the part of stockholders,

bondholders, and management generally. It gives me great satisfaction this evening to acknowledge the special indebtedness of the company to the Chairman of our Executive Committee, Eugene W. Stetson. For several years past, he has devoted a large part of his time, thought, and effort to working out, with infinite patience and discerning judgment, step by step, the multitudinous details of the refunding, consolidation, and debt reduction program.

Principally because of the greatly improved financial situation which was thus brought about, the Illinois Central was able, early in 1948, to resume dividend payments on its preferred shares after a lapse of fifteen years; and, in January of last year, to resume dividends on its common shares after a lapse of seventeen years, thus restoring the company to its traditional role of a dividend-paying railroad. The much improved financial position in which the Illinois Central finds itself today is a tribute more eloquent and impressive than any words of mine can possibly express to the sagacious leadership of Eugene W. Stetson.



In acknowledging our special debt to Mr. Stetson, I do not wish to detract from the credit which belongs to other distinguished members of the Board of Directors whose wise counsel has helped to shape the policies of the company in recent years.

Throughout its history, the Illinois Central has been fortunate in having Boards of Directors composed of business leaders of unusual vision and integrity. In addition to the incorporators already mentioned, and a long line of Governors of Illinois, the board in past years has included such outstanding figures in American business and finance as: J. Ogden Armour, John Jacob Astor, Vincent Astor, William Waldorf Astor, John W. Auchincloss, Pierre Chouteau, Jr., James C. Fargo, Stanley Field, Stuyvesant Fish, Robert W. Goelet, Edward H. Harriman, Oliver Harriman, W. Averell Harriman, Abram S. Hewitt, James F. Joy, Robert S. Lovett, J. Pierpont Morgan, Levi P. Morton, James Norris, Jerome J. Hanauer, Charles A. Peabody, John G. Shedd, and General Cornelius Vanderbilt.

These are a few of many outstanding men who have served as directors of the Illinois Central Railroad Company. But I doubt than any Board of Directors has been composed of an abler group of men than that which composes the Board of Directors of the Illinois Central in this year of its centennial. Let me call the roll:

Eugene W. Stetson of New York, formerly president and chairman of the board of the Guaranty Trust Company of New York.

General Clifford W. Gaylord of St. Louis, president of the Gaylord Container Corporation;

Stephen Y. Hord of Chicago, general partner, Brown Brothers Harriman & Company;

Oscar G. Johnston of Mississippi, organizer of the National Cotton Council of America;

William R. King of Memphis, president of the William R. Moore Dry Goods Company;

James R. Leavell of Ocean Springs, Mississippi, retired president of the Continental Illinois National Bank & Trust Company of Chicago;

Donold B. Lourie of Chicago, president of The Quaker Oats Company;

John W. Rath of Waterloo, Iowa, chairman of the finance committee of the Rath Packing Company;

Adlai E. Stevenson, Governor of Illinois, *ex-officio*;

Edwin S. S. Sunderland of New York, member of the law firm of Davis, Polk, Wardwell, Sunderland & Kiendl;

Solon B. Turman of New Orleans, executive vice-president of Lykes Brothers Steamship Company, Inc.;

Louis Ware of Chicago, president of International Minerals and Chemical Corporation;

Thomas E. Wilson of Chicago, chairman of the board of Wilson & Company, meat packers;

General Robert E. Wood of Chicago, chairman of the board of Sears, Roebuck & Company.

Every member of the present board is intimately acquainted

with the Illinois Central, its territory, its personnel, its operations, its traffic, its financial affairs, and its managerial problems. These are the gentlemen who meet frequently and act upon all major questions of policy affecting the company.



I want also to pay the highest tribute to the officers who share with me the task of keeping the Illinois Central running smoothly from day to day. We have had many able men in key positions throughout our hundred years, but I am very certain that the railroad was never in stronger hands than it is today. Again let me call the roll: Charles F. Duggan, vice-president in charge of operations; Roy E. Barr, vice-president in charge of traffic; Charles H. Mottier, vice-president and chief engineer; Ottis O. Albritton, vice-president in charge of purchases and stores; Frank E. Martin, comptroller; Joseph H. Wright, general counsel; George M. Crowson, assistant to the president; Albert L. Church, secretary and assistant to the president; A. B. Huttig, treasurer; and G. J. Willingham, director of personnel. I am confident that no railroad anywhere is manned by a finer group of officers and a more loyal group of employes, or one where the family spirit is stronger.



In a few hours the Illinois Central will enter upon its second century of service to the American People. Deeply conscious of our heritage from the past and of our obligation to the future, we are united in a determination to keep in the vanguard of progress and to seek in every way to justify the right of the Illinois Central Railroad to be called the

MAIN LINE OF MID-AMERICA.

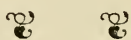
THE END

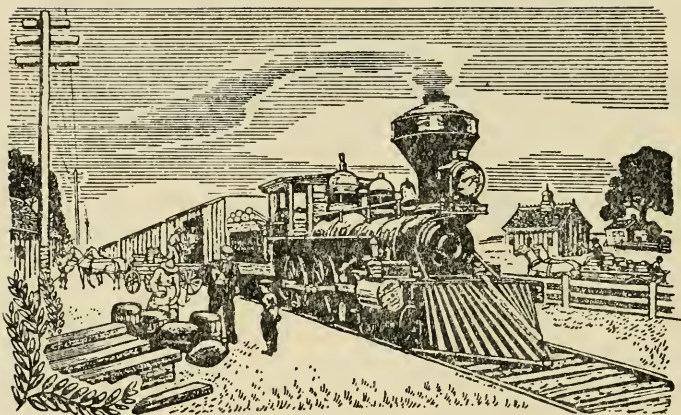


*"Actorum Memores simul
affectamus Agenda!"*



THIS NEWCOMEN ADDRESS, *dealing with the history of the Illinois Central Railroad and commemorating its 100th Anniversary (1851-1951), was delivered at a National Newcomen Dinner of The Newcomen Society of England, held at New York, N.Y., U.S.A., on February 8, 1951. MR. JOHNSTON, the guest of honor, was introduced by EUGENE W. STETSON, Chairman of the Executive Committee, Illinois Central Railroad; member of the New York Committee, in American Newcomen. The dinner was presided over by the SENIOR VICE-PRESIDENT FOR NORTH AMERICA, in this international Society whose headquarters are at London.*

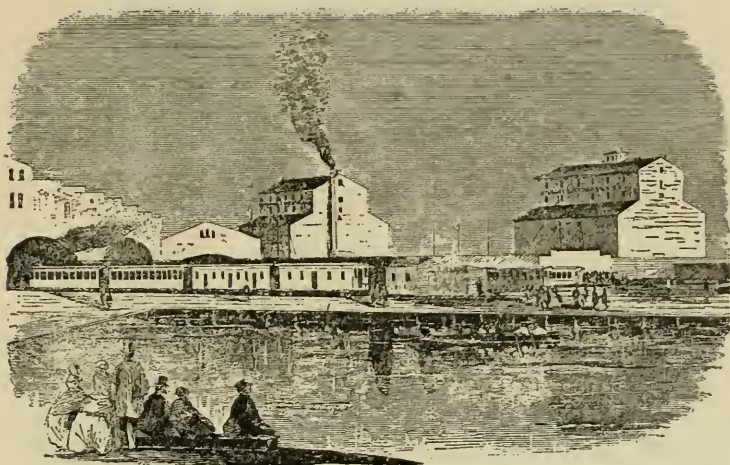




“The Illinois Central Railroad, with its network of steel in fourteen States of Mid-America, is an integral and important part of the Nation itself. Therefore, to understand the full meaning of the observance for which we are here assembled, we must encompass the entire view of American growth and development, agriculturally, industrially, and commercially, during the last hundred years.”

—WAYNE A. JOHNSTON

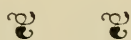


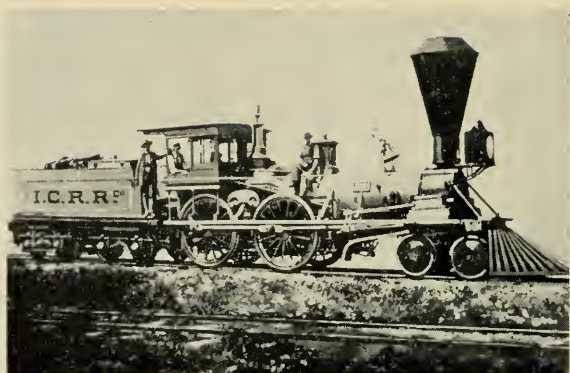


“In a few hours *from now* the Illinois Central will enter upon its second century of service to the American People. Deeply conscious of our heritage from the past and of our obligation to the future, we are united in a determination to keep in the vanguard of progress and to seek in every way to justify the right of the Illinois Central Railroad to be called the

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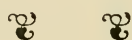
—WAYNE A. JOHNSTON





AMERICAN NEWCOMEN, *interested always in transportation history and in the contributions by railroad systems to economic and material progress, takes satisfaction in this wholly delightful and intensely human Newcomen manuscript recreating the times and efforts and accomplishments of pioneers in Mid-America, just 100 years ago! Those men and their successors made possible a development of natural resources and an industrial growth that today are bulwarks in our Nation's strength.*

*It is a recital that forms a brilliant chapter in
Transportation History in America!*



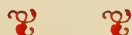


THE NEWCOMEN SOCIETY OF ENGLAND IN NORTH AMERICA

BROADLY, *this British Society has as its purposes: to increase an appreciation of American-British traditions and ideals in the Arts and Sciences, especially in that bond of sympathy for the cultural and spiritual forces which are common to the two countries; and, secondly, to serve as another link in the intimately friendly relations existing between Great Britain and the United States of America.*

The Newcomen Society centers its work in the history of Material Civilization, the history of: Industry, Invention, Engineering, Transportation, the Utilities, Communication, Mining, Agriculture, Finance, Banking, Economics, Education, and the Law—these and correlated historical fields. In short, the background of those factors which have contributed or are contributing to the progress of Mankind.

The best of British traditions, British scholarship, and British ideals stand back of this honorary society, whose headquarters are at London. Its name perpetuates the life and work of Thomas Newcomen (1663-1729), the British pioneer, whose valuable contributions in improvements to the newly invented Steam Engine brought him lasting fame in the field of the Mechanic Arts. The Newcomen Engines, whose period of use was from 1712 to 1775, paved a way for the Industrial Revolution. Newcomen's inventive genius preceded by more than 50 years the brilliant work in Steam by the world-famous James Watt.





*"The roads you travel so briskly
lead out of dim antiquity,
and you study the past chiefly because
of its bearing on the living present
and its promise for the future."*

—LIEUTENANT GENERAL JAMES G. HARBORD,
K.C.M.G., D.S.M., LL.D., U.S. ARMY (RET.)

(1866-1947)

*Late American Member of Council at London
The Newcomen Society of England*



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